

FORM MR-RC
Revised January 7, 1999
RECLAMATION CONTRACT

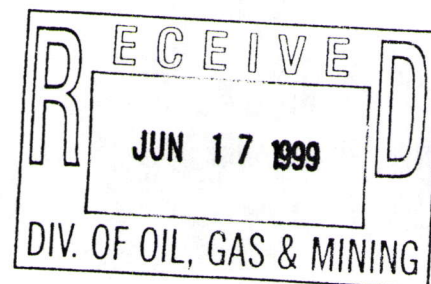
File Number M/001/019

Effective Date July 14, 1999

Other Agency File Number n/a

*form approved by T.M. AAG
7-7-99*

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940



RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/001/019</u>
(Mineral Mined)	<u>MARBLE/LIMESTONE</u>
"MINE LOCATION":	
(Name of Mine)	<u>INDIAN QUEEN MARBLE</u>
(Description)	<u>21 MILES WEST OF</u>
	<u>MILFORD, UTAH</u>
	<u>BEAVER COUNTY</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>14.46 ACRES</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>INDIAN QUEEN MARBLE LLC</u>
(Address)	<u>P.O. BOX 668</u>
	<u>TOOELE, UTAH 84074</u>
(Phone)	<u>435-882-8664</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

GARY APPLGATE

(Address)

P.O. BOX 668

TOOELE, UTAH

(Phone)

435-882-8664

"OPERATOR'S OFFICER(S)":

GARY APPLGATE

MANAGER

"SURETY":

(Form of Surety - Attachment B)

SURETY BOND

"SURETY COMPANY":

(Name, Policy or Acct. No.)

FRONTIER INSURANCE COMPANY

64916-SD

"SURETY AMOUNT":

(Escalated Dollars)

\$29,000.00

"ESCALATION YEAR":

2003

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between INDIAN QUEEN MARBLE LLC the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/001/019 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated October 16, 1996, and the original Reclamation Plan dated October 16, 1996. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face

amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

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Form MB-RC

DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton, Director

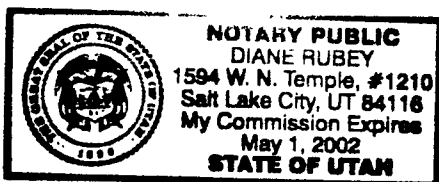
Date

July 14, 1999

LPB
726

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 14th day of July, 19 99,
personally appeared before me Mary Ann Wright, who being
duly sworn did say that ~~he~~/she, the said Mary Ann Wright (Acting Director)
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and ~~he~~/she duly acknowledged to me that ~~he~~/she executed the foregoing
document by authority of law on behalf of the State of Utah.



Diane Rubey
Notary Public
Residing at: Salt Lake City Utah

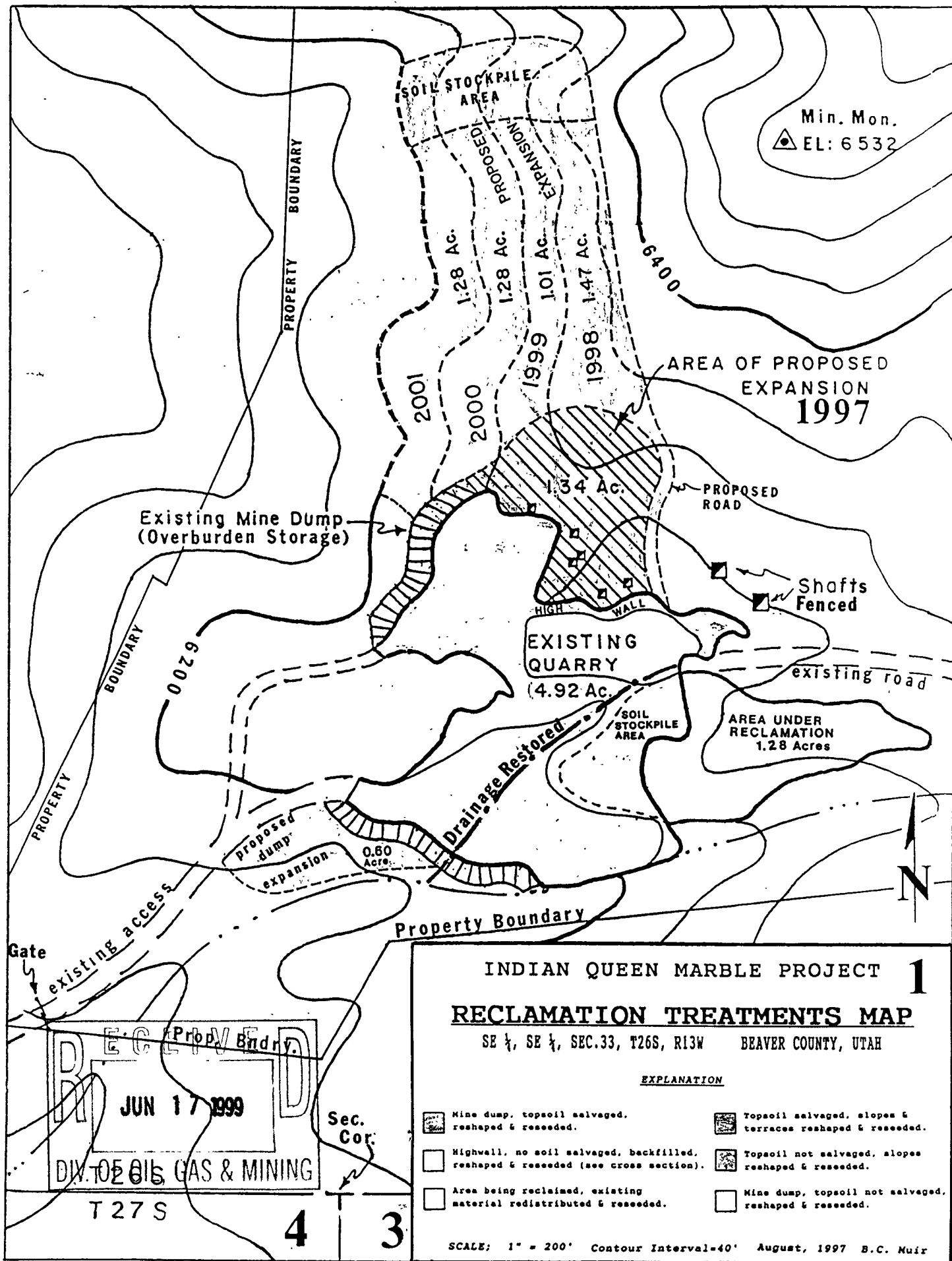
My Commission Expires: 5/1/2002

ATTACHMENT "A"

<u>INDIAN QUEEN MARBLE, LLC</u>	<u>Indian Queen Marble</u>
Operator	Mine Name
<u>M/001/019</u>	<u>Beaver</u> County, Utah
Permit Number	

The legal description of lands to be disturbed is:

SE1/4 SE1/4, Section 33, T26S, R13W, Beaver County, Utah

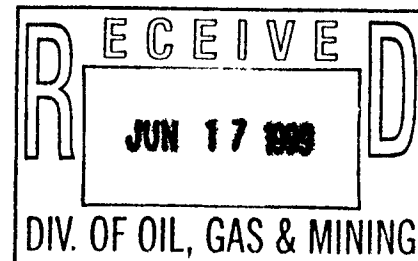


ATTACHMENT B

FORM MB-5
January 7, 1999

Bond Number _____
Permit Number M/001/019
Mine Name INDIAN QUEEN MARBLE, LLC

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940



THE MINED LAND RECLAMATION ACT

SURETY BOND

.....
The undersigned INDIAN QUEEN MARBLE, LLC, as Principal,
and FRONTIER INSURANCE COMPANY, as Surety, hereby jointly and
severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly
and severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) in the penal
sum of TWENTY NINE THOUSAND & NO/100***** dollars (\$ 29,000.00*****).

Principal has estimated in the Mining and Reclamation Plan approved by the Division
on the 22nd day of July, 1999, that 14.46 acres of land will
be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the
Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has
satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and
Reclamation Plan and has faithfully performed all requirements of the Mined Land
Reclamation Act, and complied with the Rules and Regulations adopted in accordance
therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the
disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and
regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in
the area disturbed or the extent of disturbance, then, the Division may require that the amount
of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

INDIAN QUEEN MARBLE, LLC
Principal (Permittee)

GARY APPELEGATE
By (Name typed):

Manager
Title

[Signature]
Signature

6/14/99
Date

FRONTIER INSURANCE COMPANY
Surety Company

VELMA J. ROWLAND
Company Officer
ATTORNEY-IN-FACT AND
NEVADA RESIDENT AGENT
Title/Position

[Signature]
Signature

1005 TERMINAL WAY, #120
Surety Company Address

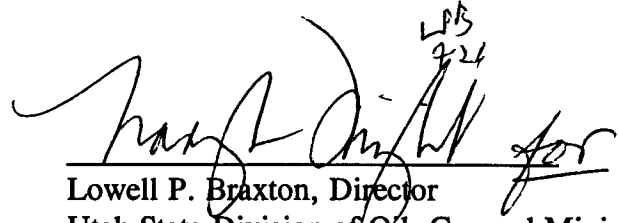
RENO, NEVADA 89502
City, State, Zip

JUNE 14, 1999
Date

ORIGINAL EFFECTIVE DATE: AUGUST 1, 1996

SO AGREED this 14th day of July, 1999.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:


Lowell P. Braxton, Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

AFFIDAVIT OF QUALIFICATION

On the 14TH day of JUNE, 1999, personally appeared before me DEBRA R. NELSON who being by me duly sworn did say that he/she, the said VELMA J. ROWLAND is the ATTORNEY-IN-FACT/NEVADA RESIDENT AGENT of FRONTIER INSURANCE COMPANY and duly acknowledged that said instrument was signed on behalf of said company by authority of its bylaws or a resolution of its board of directors and said VELMA J. ROWLAND duly acknowledged to me that said company executed the same, and that he/she is duly authorized to execute and deliver the foregoing obligations; that said Surety is authorized to execute the same and has complied in all respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking and obligations.

Signed: Velma J. Rowland
Surety Officer VELMA J. ROWLAND

Title: ATTORNEY-IN-FACT/NEVADA RESIDENT AGENT

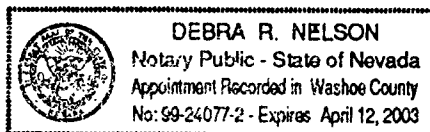
STATE OF NEVADA)
) ss:
COUNTY OF WASHOE)

Subscribed and sworn to before me this 14TH day of JUNE, 1999.

Debra R. Nelson
Notary Public
Residing at: RENO, NEVADA

My Commission Expires:

APRIL 12, 2003





POWER OF ATTORNEY

Know All Men By These Presents: That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985.

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution.

DOES HEREBY MAKE, CONSTITUTE AND APPOINT:

VELMA J. ROWLAND

of **Reno**, in the State of **Nevada**, its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of redelegation, as follows:

Bonds guaranteeing the fidelity of persons holding places of public or private trust, guaranteeing the performance of contracts other than insurance policies; and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed; IN AN AMOUNT NOT TO EXCEED SIX HUNDRED FIFTY THOUSAND (\$650,000.00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed.

In Witness Whereof, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its Vice President and its Corporate seal to be affixed this **15th** day of **December**, 19 **95**.

FRONTIER INSURANCE COMPANY



BY: 
DAVID E. CAMPBELL, Vice President

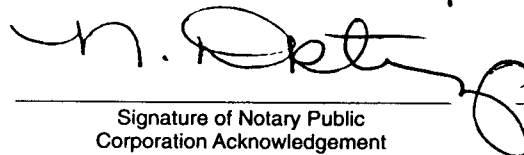
STATE OF NEW YORK)
COUNTY OF SULLIVAN)

ss:

On this **15th** day of **December**, 19 **95**, before me, N. Ortiz, Notary Public, personally appeared David E. Campbell of FRONTIER INSURANCE COMPANY, personally known to me to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force.

In Testimony Whereof, I have hereunto set my hand, and affixed my official seal at La Jolla, California, the day and year above written.



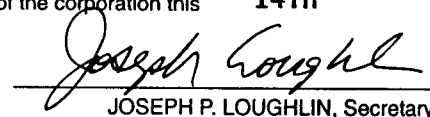

Signature of Notary Public
Corporation Acknowledgement

CERTIFICATION

I, JOSEPH P. LOUGHLIN, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the facsimile seal of the corporation this **14TH** day of **JUNE**, 19 **99**




JOSEPH P. LOUGHLIN, Secretary